

CANADA
STEAMSHIP
LINES
LIMITED

ANNUAL REPORT
1939

PURVIS HALL
LIBRARIES

JAN 18 1946

MCGILL UNIVERSITY

CANADA STEAMSHIP LINES LIMITED

DIRECTORS

HON. FRANK CARREL
W. H. COVERDALE, ESQ.
KENNETH T. DAWES, ESQ.
W. C. FRANZ, ESQ.
HARRY C. HATCH, ESQ.
FRANK J. HUMPHREY, ESQ.
BRIG.-GEN. C. H. MITCHELL, C.B., C.M.G., C.E.
GEORGE H. MONTGOMERY, ESQ., K.C.
PAUL J. MYLER, ESQ.
JOS. SIMARD, ESQ.
SIDNEY T. SMITH, ESQ.
C. E. TASCHEREAU, ESQ.
HON. LORNE C. WEBSTER



EXECUTIVE OFFICERS

W. H. COVERDALE
President
GEORGE H. MONTGOMERY, K.C.
Vice-President
R. B. THOMSON
Secretary
H. A. CRESSWELL
Treasurer
L. PRENDERGAST
Assistant to President

CANADA STEAMSHIP LINES LIMITED

To the Stockholders:

Your Directors submit the Company's twenty-sixth Annual Report and Statement of Accounts. The total revenue for 1939 amounted to \$10,491,220.00, a decrease of \$498,061.73 below the previous year, due to shrinkage in earnings from grain and passenger services.

The net earnings for the year before providing for depreciation were \$1,966,690.23, bond and other interest paid during the year amounted to \$598,680, leaving \$1,368,010.23 available for depreciation and other corporate purposes.

Reserve for depreciation amounted to \$1,005,820.99.

After all charges, reserve for depreciation, income tax, etc., there was a net profit for the year of \$277,189.24.

Cash on hand on December 31, 1939, amounted to \$2,115,660.94 after the purchase of \$905,000 First Mortgage Bonds of the Company against future sinking fund requirements.

Kingston Elevator Company First Mortgage Bonds were reduced by \$30,000 through sinking fund operations to \$1,218,000 outstanding as at December 31, 1939.

The Company's property has been maintained in sound physical condition; capital expenditures in net amount of \$136,062.21 were made during the year.

In accordance with the terms of the Reorganization Plan, a dividend of sixty-two and one-half cents per share has been declared on the Company's Preference stock, payable April 1, 1940, to stockholders of record of March 21, 1940.

After all interest, dividend, net capital expenditures, sinking fund on Kingston Elevator bonds, purchase of First Mortgage Bonds of the Company, etc., the operations of the year in review have resulted in an improvement in working capital of \$679,436.29.

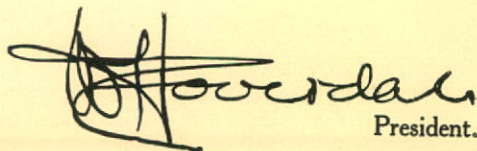
During the year the Company contributed \$32,901.81 to its Employees' Pension Fund against employees' aggregate contribution in like amount. The assets of this fund are entirely separate and distinct from the assets shown on the Company's balance sheet.

The fleet consists of seventy-seven steamships, of which sixty-five are freight and twelve are passenger steamships.

Your Directors regret to announce that during the year 1939 the Company sustained severe loss through the deaths of T. R. Enderby, Esq., Managing Director, and of Thomas Bradshaw, Esq. and H. B. Smith, Esq., Directors.

Your Directors desire to record their appreciation of the loyal and efficient services of the Company's officers and employees.

Respectfully submitted,



President.

Montreal, March 2, 1940.

CANADA STEAMSHIP LINES, LIMITED

CONSOLIDATED

As at 31st December

ASSETS

Fixed Assets at the reduced valuation made by the Management as at 31st December, 1936, and approved by the Board of Directors, with subsequent additions at Cost:

Vessels, Real Estate, Buildings, Docks and Wharves, Plant and Equipment, and Miscellaneous	\$40,930,428.34
Less Reserve for Depreciation	16,606,295.50
	24,324,132.84

Current Assets:

Cash in Banks and on Hand	\$ 915,660.94	
Guaranteed Demand Deposits	1,200,000.00	
Accounts Receivable, less Reserve	310,719.37	
Adjusted Losses due by Underwriters	57,768.54	
Insurance and Other Claims, estimated amount recoverable	142,100.22	
Interest Receivable Accrued	3,415.92	
Inventories of Stores and Supplies and Shipyard Work in Progress, at the lower of Cost or Market (as determined by responsible Officials on the basis of physical inventories)	750,252.29	
Guarantee Deposits on Contracts	88,411.50	
	3,468,328.78	
Prepaid Expenses		168,727.82

Investments at Book Value (including \$905,000.00 par value of 5% First Mortgage Bonds of the Company)	819,067.61
--	------------

Funds Deposited with Trustees for Mortgage Bonds	634.20
--	--------

Total	\$28,780,891.25
-------------	-----------------

Signed on behalf of the Board:

W. H. COVERDALE GEO. H. MONTGOMERY	}	Directors.
---------------------------------------	---	------------

AUDITORS' REPORT TO

TO THE SHAREHOLDERS:

We have examined the accounts of Canada Steamship Lines Limited and its Subsidiary Companies for the year ended 31st December, 1939, and report that we have obtained all the information and explanations we have required, and, in our opinion, the above statement is a true and correct statement of the state of the Companies' affairs, on a consolidated basis as at 31st December, 1939, according to the best of our knowledge and belief.

We have also to report that the Dividend Amount available for the Preference Shareholders under the provisions of the Charter is \$143,281.25, from which a dividend of 1¼% aggregating \$143,281.25 is payable, leaving a balance of \$13,092.50 as the Dividend Amount available for the Common Shareholders.

Montreal, 27th February, 1940.

AND ITS SUBSIDIARY COMPANIES

BALANCE SHEET

December, 1939

LIABILITIES

Capital Stock:

Authorized and Outstanding:

229,250 Shares, 5% Preference Stock of \$50.00 each.....	\$11,462,500.00
(Cumulative from 1st January, 1943)	
300,000 " Common Stock of No Par Value.....	3,391,500.00
	14,854,000.00

Funded Debt:

5% First Mortgage Bonds — Series "A" due 2nd January, 1957.....	\$10,500,000.00
6% Twenty Year First Mortgage Gold Bonds, Kingston Elevator Co. Ltd.....	1,218,000.00
	11,718,000.00

Current Liabilities:

Accounts Payable.....	496,622.06
Provision for Taxes.....	106,133.74
Bond Interest Accrued.....	252,055.00
Other Accrued Charges.....	1,648.07
Amounts Billed on Uncompleted Contract.....	402,000.00
Deferred Income.....	39,354.87
Dividend Payable to Preference Shareholders under terms of Reorganization Plan.....	143,281.25
	1,441,094.99

Reserves:

For Freight Claims.....	42,500.00
" Insurance Losses and Repairs.....	325,000.00
Surplus from Sinking Fund Purchases of Bonds of Kingston Elevator Co. Ltd.....	1,580.00
	369,080.00

Earned Surplus:

Free Balance.....	385,623.76
Balance available for future Dividends on Preference Shares under terms of Reorganization Plan.....	13,092.50
	398,716.26

Total.....		\$28,780,891.25
------------	-------------	-----------------

THE SHAREHOLDERS

ended 31st December, 1939, and in accordance with the provisions of the Companies Act (Dominion), we have to Consolidated Balance Sheet as at 31st December, 1939, is properly drawn up so as to exhibit a true and correct view of the financial position of the Companies and the explanations given to us and as shown by the books of the Companies. The amount of the Reorganization Plan approved on 21st January, 1937, amounted to \$156,373.75 as at 31st December, 1939, and is to be carried forward to 1940.

PEAT, MARWICK, MITCHELL & CO.,

Auditors.

CANADA STEAMSHIP LINES, LIMITED

AND ITS SUBSIDIARY COMPANIES

PROFIT AND LOSS ACCOUNT

For the Year ended 31st December, 1939

Operating Revenue:	
Vessels.....	\$ 9,241,076.27
Docks and Wharves.....	620,953.51
Miscellaneous Operating Revenue—Net.....	546,343.26
	<u>10,408,373.04</u>
Other Revenue (including Income from Investments \$42,756.20)....	82,846.96
	<u>10,491,220.00</u>
Expenses (including Salaries of Executive Officers \$62,420.80, Directors' Fees \$8,143.40 and Legal Fees \$2,048.24).....	8,524,529.77
Net Earnings before Interest Charges and Depreciation.....	<u>1,966,690.23</u>
From which Deduct:	
Interest on 5% Mortgage Bonds.....	\$ 525,000.00
Interest on 6% Mortgage Bonds of Kingston Elevator Co. Ltd.....	73,680.00
	<u>598,680.00</u>
Provision for Depreciation.....	1,005,820.99
	<u>1,604,500.99</u>
Net Profit.....	362,189.24
Amount Reserved for Dominion and Provincial Income Taxes.....	85,000.00
Net Income for Year.....	<u><u>\$ 277,189.24</u></u>

EARNED SURPLUS

As at 31st December, 1939

Earned Surplus as at 31st December, 1938.....	\$ 264,808.27
Add Net Income for Year ended 31st December, 1939.....	277,189.24
	<u>541,997.51</u>
Less Dividend Payable to Preference Shareholders under the terms of the Reorganization Plan.....	143,281.25
Earned Surplus as at 31st December, 1939.....	<u><u>\$ 398,716.26</u></u>

DIVIDEND AMOUNT

Available for Dividends to Preference Shareholders under the terms of the Reorganization Plan

Balance as at 31st December, 1938.....	\$ 17,779.13
Add 50% of Net Income for Year ended 31st December, 1939.....	138,594.62
	<u>156,373.75</u>
Deduct Dividend Payable representing 1¼% on the outstanding Preference Shares.....	143,281.25
Balance of Dividend Amount included in Earned Surplus as at 31st December, 1939.....	<u><u>\$ 13,092.50</u></u>

PRINTED IN CANADA